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AN ACT

RELATING TO GOVERNMENT ACCOUNTABILITY; AMENDING AND ENACTING
SECTIONS OF THE ACCOUNTABILITY IN GOVERNMENT ACT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 6-3-21 NMSA 1978 (being Laws 1955,
Chapter 114, Section 12, as amended by Laws 1999, Chapter 5,
Section 12 and also by Laws 1999, Chapter 15, Section 12) is
amended to read:

"6-3-21. PREPARATION OF THE BUDGET.--

A. The governor shall prepare the budget and
submit it to the legislative finance committee and each
member of the legislature not later than January 5 in
even-numbered years and not later than January 10 in
odd-numbered years. In the preparation of the budget the
governor may:

(1) change the tentative budget by adding
new items, increasing or decreasing or eliminating items;

(2) obtain advice and assistance from any
state agency; and

(3) hold hearings on the budget.

B. Any budget hearings conducted by the governor
shall be open to the public. The governor may require the
attendance of any head of an agency, whether elective or
appointive. At the hearings, any officer or agency may

1 protest budget items."

2 Section 2. Section 6-3A-2 NMSA 1978 (being Laws 1999,
3 Chapter 5, Section 2 and Laws 1999, Chapter 15, Section 2) is
4 amended to read:

5 "6-3A-2. FINDINGS AND PURPOSE.--

6 A. The legislature finds that agencies should:

7 (1) be granted sufficient statutory
8 authority and flexibility to use their resources in the best
9 possible way in order to better serve the citizens of New
10 Mexico through the efficient delivery of services and
11 products and the effective administration of governmental
12 programs;

13 (2) be held accountable for the services and
14 products they deliver in accordance with clearly defined
15 missions, goals and objectives;

16 (3) develop performance measures for
17 evaluating performance and assessing progress in achieving
18 goals and objectives, and those measures should be integrated
19 into the planning and budgeting process and maintained on an
20 ongoing basis;

21 (4) have incentives to deliver services and
22 products in the most efficient and effective manner and, if
23 appropriate, recommend the restructuring of ineffective
24 programs or the elimination of unnecessary programs;

25 (5) have their performance in achieving

1 desired outputs and outcomes and in efficiently operating
2 programs measured and evaluated in an effort to improve
3 program coordination, eliminate duplicate programs or
4 activities and provide better information to the governor,
5 the legislature and the public; and

6 (6) strive to keep the citizens of this
7 state informed of the public benefits derived from the
8 delivery of agency services and products and of the progress
9 agencies are making with regard to improving performance.

10 B. The purpose of the Accountability in Government
11 Act is to provide for more cost-effective and responsive
12 government services by using the state budget process and
13 defined outputs, outcomes and performance measures to
14 annually evaluate the performance of state government
15 programs."

16 Section 3. Section 6-3A-3 NMSA 1978 (being Laws 1999,
17 Chapter 5, Section 3 and Laws 1999, Chapter 15, Section 3) is
18 amended to read:

19 "6-3A-3. DEFINITIONS.--As used in the Accountability in
20 Government Act:

21 A. "agency" means a branch, department,
22 institution, board, bureau, commission, district or committee
23 of the state;

24 B. "approved program" means a program included in
25 an approved list of programs issued by the division pursuant

1 to Section 6-3A-4 NMSA 1978;

2 C. "baseline data" means the current level of a
3 program's performance measures established pursuant to
4 guidelines established by the division in consultation with
5 the committee;

6 D. "committee" means the legislative finance
7 committee;

8 E. "division" means the state budget division of
9 the department of finance and administration;

10 F. "outcome" means the measurement of the actual
11 impact or public benefit of a program;

12 G. "output" means the measure of the volume of
13 work completed or the level of actual services or products
14 delivered by a program;

15 H. "performance-based program budget" means a
16 budget that identifies a total allowed expenditure for a
17 program and includes performance measures, performance
18 standards and program evaluations;

19 I. "performance measure" means a quantitative or
20 qualitative indicator used to assess the output or outcome of
21 an approved program;

22 J. "performance target" means the expected level
23 of performance of a program's performance measures; and

24 K. "program" means a set of activities undertaken
25 in accordance with a plan of action organized to realize

1 identifiable goals and objectives based on legislative
2 authorization."

3 Section 4. Section 6-3A-4 NMSA 1978 (being Laws 1999,
4 Chapter 5, Section 4 and Laws 1999, Chapter 15, Section 4) is
5 amended to read:

6 "6-3A-4. PROGRAM IDENTIFICATION.--

7 A. Prior to July 15 of each year, each agency
8 shall submit to the division and the committee proposed
9 changes to its current program structure. The division, in
10 consultation with the committee and the agency, shall review
11 the requested changes, make any necessary revisions and issue
12 approval or disapproval within thirty days of receipt. The
13 division shall send a copy of its approval or disapproval to
14 the committee.

15 B. The program list submitted by the agency shall
16 be accompanied by:

17 (1) the constitutional or statutory
18 direction and authority for each program;

19 (2) identification of the users of each
20 program;

21 (3) the purpose of each program or the
22 benefit derived by the users of the program; and

23 (4) other financial information as required
24 by the division in consultation with the committee."

25 Section 5. Section 6-3A-5 NMSA 1978 (being Laws 1999,

1 Chapter 5, Section 5 and Laws 1999, Chapter 15, Section 5) is
2 amended to read:

3 "6-3A-5. PERFORMANCE MEASURES.--

4 A. Prior to June 15 of each year, the division, in
5 consultation with the committee, shall develop instructions
6 for the development of performance measures for evaluating
7 approved programs.

8 B. Prior to July 15 of each year, each agency
9 shall submit to the division and the committee proposed
10 changes in its performance measures. The agency shall
11 identify the outputs produced by each program, the outcomes
12 resulting from each program and baseline data associated with
13 each performance measure. The division, in consultation with
14 the committee and the agency, shall review the proposed
15 changes, make necessary revisions and issue its approval or
16 disapproval within thirty days of receipt. The division
17 shall send a copy of its approval or disapproval to the
18 committee."

19 Section 6. Section 6-3A-6 NMSA 1978 (being Laws 1999,
20 Chapter 5, Section 6 and Laws 1999, Chapter 15, Section 6) is
21 amended to read:

22 "6-3A-6. SCHEDULE FOR SUBMISSION OF PERFORMANCE-BASED
23 PROGRAM BUDGET REQUESTS.--No later than September 1 of each
24 year, agencies shall submit performance-based program budget
25 requests for the subsequent fiscal year to the division and

1 to the committee."

2 Section 7. Section 6-3A-7 NMSA 1978 (being Laws 1999,
3 Chapter 5, Section 7 and Laws 1999, Chapter 15, Section 7) is
4 amended to read:

5 "6-3A-7. PERFORMANCE-BASED PROGRAM BUDGET REQUESTS.--

6 A. The division, in consultation with the
7 committee, shall develop instructions for those agencies
8 required to submit performance-based program budget requests.
9 The instructions shall be sent to the agencies on or before
10 June 15 of each year and shall be in addition to any other
11 forms required by Section 6-3-18 NMSA 1978. The instructions
12 shall require that performance-based program budget requests
13 contain the following:

14 (1) a summary of each approved program,
15 including a justification for the program;

16 (2) for each approved program, an evaluation
17 of the agency's progress in meeting the performance targets.
18 The evaluation shall be developed as prescribed in the budget
19 instructions;

20 (3) for each approved program, the outputs,
21 outcomes, baseline data, performance measures and historic
22 and proposed performance targets;

23 (4) if a performance audit has been
24 conducted on an approved program during either the present or
25 any of the immediately preceding two fiscal years, any

1 responses that the agency may have to the audit and any
2 actions that the agency has taken as a result of the audit;
3 and

4 (5) any other information that the division
5 believes may be useful to the division or the legislature in
6 developing a budget for the agency.

7 B. On or before September 1 of each year, each
8 agency shall submit a performance-based program budget
9 request to the division and the committee in the form and
10 manner prescribed in the budget instructions. Budget
11 requests submitted pursuant to this section shall be in lieu
12 of those required by Section 6-3-19 NMSA 1978."

13 Section 8. Section 6-3A-8 NMSA 1978 (being Laws 1999,
14 Chapter 5, Section 8 and Laws 1999, Chapter 15, Section 8) is
15 amended to read:

16 "6-3A-8. PERFORMANCE-BASED PROGRAM BUDGETS.--

17 A. For each agency, the governor's proposed budget
18 submitted pursuant to Section 6-3-21 NMSA 1978 and the
19 committee's budget recommendation pursuant to Section 2-5-4
20 NMSA 1978 shall contain:

21 (1) a budget recommendation for each
22 approved program;

23 (2) a summary, including the outputs and
24 outcomes, of each approved program;

25 (3) performance measures and performance

1 targets for each approved program;

2 (4) an evaluation of the performance of each
3 approved program; and

4 (5) any other criteria deemed relevant by
5 the governor or the committee.

6 B. For each agency, the governor's proposed budget
7 submitted pursuant to Section 6-3-21 NMSA 1978 and the
8 committee's budget recommendation pursuant to Section 2-5-4
9 NMSA 1978 may contain recommendations regarding incentives or
10 disincentives for agency performance. Incentives or
11 disincentives may apply to all or part of an agency and may
12 apply to any or all of an agency's approved programs.

13 C. Pursuant to Section 6-3-7 NMSA 1978, the
14 division shall prescribe forms and approve operating budgets
15 for agencies funded by performance-based program budgets;
16 however, the division shall not take any action that hinders
17 an agency from operating under a performance-based
18 appropriation or that is otherwise inconsistent with the
19 purposes of the Accountability in Government Act.

20 Notwithstanding the provisions of Sections 6-3-23 through
21 6-3-25 NMSA 1978, and absent specific authorization in the
22 general appropriation act or other act of the legislature, no
23 funds may be transferred either into or out of a
24 performance-based program budget.

25 D. Each agency shall develop, in consultation with SB 561
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